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CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
BAY COUNTY, MICHIGAN

FINANCIAL STATEMENTS
DECEMBER 31, 2007

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INDEPENDENT AUDITORS' REPORT

May 29, 2008

Members of the Authority Board
Charter Township of Bangor Downtown
Development Authority
Bay County, Michigan

We have audited the accompanying financial statements of the special revenue and debt service funds of the Charter Township of Bangor Downtown Development Authority, Bay County, Michigan, a component unit of the Charter Township of Bangor, as of and for the year ended December 31, 2007, as listed in the index. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the special revenue and debt service funds and do not purport to, and do not, present fairly the financial position of the Charter Township of Bangor Downtown Development Authority, Bay County, Michigan, as of December 31, 2007, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the special revenue and debt service funds of the Charter Township of Bangor Downtown Development Authority, Bay County, Michigan as of December 31, 2007, and the changes of financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY

Balance Sheet
December 31, 2007

	Special Revenue Fund	Debt Service Fund	Totals (Memorandum Only)
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and investments	\$ 2,064	\$ 655,645	\$ 657,709
Taxes receivable	0	159,338	159,338
Due from Delinquent Tax Fund	<u>0</u>	<u>182,107</u>	<u>182,107</u>
Total Assets	<u>\$ 2,064</u>	<u>\$ 997,090</u>	<u>\$ 999,154</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts payable	\$ 1,322	\$ 2,250	\$ 3,572
Deferred revenue	<u>0</u>	<u>341,125</u>	<u>341,125</u>
Total liabilities	1,322	343,375	344,697
 <u>Fund Balance</u>			
Reserved	<u>742</u>	<u>653,715</u>	<u>654,457</u>
Total Liabilities and Fund Balance	<u>\$ 2,064</u>	<u>\$ 997,090</u>	<u>\$ 999,154</u>

See accompany notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2007

	Special Revenue Fund	Debt Service Fund	Totals (Memorandum Only)
<u>Revenues</u>			
Taxes	\$ 0	\$ 306,065	\$ 306,065
Interest	242	27,654	27,896
Total revenues	<u>242</u>	<u>333,719</u>	<u>333,961</u>
<u>Expenditures</u>			
Fees per diem and other administrative expenditures	6,520	0	6,520
Legal and other professional fees	6,982	0	6,982
Contractual services and other	10,040	30,859	40,899
Miscellaneous	538	0	538
Service charge	23	23	46
Total expenditures	<u>24,103</u>	<u>30,882</u>	<u>54,985</u>
Excess (deficiency) of revenues over expenditures	<u>(23,861)</u>	<u>302,837</u>	<u>278,976</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in from DDA Debt Service Fund	22,000	0	22,000
Transfers out to governmental funds	0	(22,000)	(22,000)
Total other financing sources (uses)	<u>22,000</u>	<u>(22,000)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,861)	280,837	278,976
Fund balance - beginning of year	<u>2,603</u>	<u>372,878</u>	<u>375,481</u>
Fund balance - end of year	<u>\$ 742</u>	<u>\$ 653,715</u>	<u>\$ 654,457</u>

See accompany notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
 DOWNTOWN DEVELOPMENT AUTHORITY
 Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual -
 Special Revenue Fund
For the Year Ended December 31, 2007

	Special Revenue Fund		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Revenues</u>			
Interest	\$ 0	\$ 242	\$ 242
<u>Expenditures</u>			
Fees per diem and other administrative expenditures	6,800	6,520	280
Legal and other professional fees	7,345	6,982	363
Contractual services and other	10,050	10,040	10
Miscellaneous	538	538	0
Service charge	70	23	47
Total expenditures	24,803	24,103	700
Excess (deficiency) of revenues over expenditures	(24,803)	(23,861)	458
<u>Other Financing Sources</u>			
Transfers in from DDA Debt Service Fund	22,000	22,000	0
Excess (deficiency) of revenues and other financing sources over expenditures	(2,803)	(1,861)	942
Fund balance - beginning of year	2,603	2,603	0
Fund balance - end of year	\$ (200)	\$ 742	\$ 942

See accompany notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Authority's Operations

The Charter Township of Bangor Downtown Development Authority (Authority) is a component unit of the Charter Township of Bangor and operates under the supervision and control of a Board consisting of the Chief Executive Officer of the Charter Township of Bangor and eight (8) members as provided by Act 197. The Authority was established to correct and prevent urban deterioration and encourage economic development.

B. Basis of Presentation

The financial activities of the Authority are recorded in separate funds and account groups, categorized and described as follows:

Special Revenue Fund - This fund is used to account for the specific revenue sources (other than special assessments) that require separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund - This fund is used to account for the funding and payment of principal and interest of Downtown Development Bonds.

C. Basis of Accounting

All governmental funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

1. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28 before they are added to the County tax rolls.

2. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
3. Normally, expenditures are not divided between years by the recording of prepaid expenses.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Other

The budgets of the Authority are prepared on the same basis of accounting as the financial statement presentation. The budgets were adopted to the functional level.

On or before September 1, each Township department head submits to the supervisor an itemized estimate of the anticipated expenditures of the Township for the next fiscal year for the Township activities under his or her charge. In the case of the Authority, the Treasurer submits such estimates. The supervisor shall prepare a complete itemized budget proposal for the next fiscal year and submit it to the Township Board no later than October 1. A public hearing on the budget is to be held before its final adoption, at such time and place as the Township Board directs and notice of such public hearing is to be published at least one week in advance by the Township Clerk. A copy of the proposed budget shall be on file and available to the public for inspection during office hours at the office of the Township Clerk for a period of not less than one week prior to such public hearing. Then no later than the first regularly scheduled meeting in November, the Township Board and the Authority Board shall by resolution, adopt the budget for the next fiscal year and shall, in that resolution, make an appropriation of money needed for Authority purposes during the ensuing fiscal year of the Township.

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND INVESTMENTS

The Authority has adopted a formal investment policy consistent with that authorized by Michigan Law. The Authority's investment policy does not identify interest rate risk, foreign currency risk or concentration of credit risk. The Authority did not have funds in investments at December 31, 2007.

Cash

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At December 31, 2007, \$557,708 of the Authority's bank balance of \$657,708, was exposed to custodial credit risk because it was uninsured and uncollateralized.